

Message Text

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ACTION AF-08

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 DODE-00 PA-01 PRS-01 L-03 H-02 PM-04

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FM AMEMBASSY VICTORIA

TO SECSTATE WASHDC 175

INFO AMEMBASSY LONDON

AMEMBASSY NAIROBI

AMEMBASSY PORT LOUIS

STATE

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E.O. 11652: N/A

TAGS: EFIN, SE

SUBJECT: PRESSURE INCREASING FOR REVALUATION OF SEYCHELLES RUPEE

1. PRESSURE HAS BEEN MOUNTING STEADILY ON SEYCHELLES GOVERNMENT OVER PAST SEVERAL WEEKS TO REVALUE RUPEE UPWARD AGAINST STERLING TO WHICH CURRENCY PEGGED AT 13.33 RUPEES PER POUND. PRECIPITOUS DECLINE IN STERLING HAS INCREASED VALUE OF U.S. DOLLAR FROM 7.3 RUPEES AS RECENTLY AS INDEPENDENCE JUNE 29 TO ABOUT 8.2.. AT ONE POINT DOLLAR BOUGHT 8.35 RUPEES.

2. ISSUE, WHICH FIRST SURFACED PUBLICALLY AT SEPTEMBER SESSION OF NATIONAL ASSEMBLY, IS THEME OF HARD-HITTING NOVEMBER 6 SIGNED EDITORIAL BY STAFFER AT SEYCHELLES WEEKLY, OFFICIAL NEWSPAPER OF PRESIDENT MANCHAM'S MAJORITY SEYCHELLES DEMOCRATIC PARTY (SDP). EDITORIAL STATES REVALUATION INEVITABLE IN IMPORT-DEPENDENT ECONOMY AND SPECIFICALLY CALLS ON MINISTER

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FOR FINANCE CHAMERY CHETTY TO TAKE IMMEDIATE STEPS TO REVALUE

RUPEE AT LEAST AGAINST TRADING CURRENCIES.

3. PRIME MINISTER F.A. RENE AND CHETTY ARE CURRENTLY IN UK AND SOME MEMBERS OF LOCAL BANKING COMMUNITY ARE SPECULATING THAT GOS OFFICIALS DISCUSSING WITH HMG EFFECTS OF POSSIBLE SEYCHELLES REVALUATION ON LARGE BRITISH CAPITAL ASSISTANCE PROGRAM (10 MILLION POUNDS OVER NEXT 19 MONTHS) AND UK COMMITMENT TO UNDER WRITE WITHIN UNDISCLOSED LIMITS, GOS BUDGET DEFICITS OVER NEXT FOUR YEARS.

4. COMMENT: REVALUATION WOULD BE BROADLY POPULAR MOVE WITH EXPORTERS OF COPRA AND CINNAMON ONLY MAJOR INTEREST GROUPS WHICH WOULD BE DISADVANTAGED. TOURISM INDUSTRY BOOMING WITH VIRTUAL FULL OCCUPANCY CONDITIONS FORECAST WELL INTO 1977.

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Message Attributes

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